

Message Text

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ACTION EB-07

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TAGS: ETEL, AFSP, GR

SUBJ: TELEPHONE, TELEGRAM, TELEX AND POSTAL RATES INCREASED

1. EFFECTIVE, JANUARY 1, DOMESTIC AND CERTAIN INTERNATIONAL TELEPHONE, TELEGRAPH AND TELEX RATES HAVE BEEN INCREASED (INCREASE ON BASIS RATES: 60 PERCENT).

2. TELEPHONE UNIT RATE INCREASED FROM 0.60 DRACHMA TO ONE DRACHMA. CALLS FROM PUBLIC TELEPHONES FROM ONE DRACHMA TO 1.20. DRACHMAS. NEW RATES FOR LONG-DISTANCE CALLS ARE NOW ONE DRACHMA PER MINUTE FOR DISTANCE UP TO 20 KILOMETERS; 2 DRACHMAS FOR DISTANCES OF 20 TO 30 KILOMETERS; 3 DRACHMAS FOR 30 TO 45 KILOMETERS; 6 DRACHMAS FOR 45 TO 80 KILOMETERS; 8 DRACHMAS FOR 80 TO 160 KILOMETERS; 10 DRACHMAS 160 TO 240 KILOMETERS. BASIS MONTHLY CHARGE INCREASED FROM 40 TO 60 DRACHMAS FOR EXCHANGES SERVING UP TO 15,000 SUBSCRIBERS AND FROM 50 TO 85 FOR EXCHANGES OF OVER 15,000 SUBSCRIBERS. SPECIAL TAX FOR NEW INSTALLATIONS INCREASED FROM 2,700 TO 3,000 DRACHMAS (UP TO 15,000 SUBSCRIBERS) AND FROM 4,000 TO 5,000 DRACHMAS (OVER 15,000 SUBSCRIBERS.)

3. TELEGRAM RATES INCREASED FROM 0.50 TO 0.80 DRACHMAS PER WORD; FIXED CHARGE INCREASED FROM 2 TO 3 DRACHMAS.

4. TELEX RATES INCREASED FROM 0.60 DRACHMAS TO ONE DRACHMA
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PER UNIT.

5. NO CHANGE IN INTERNATIONAL TELEPHONE, TELEGRAM OR TELEX RATES WHICH ARE FIXED THROUGH MULTILATERAL ARRANGEMENTS.

6. POSTAL RATES HAVE BEEN INCREASED AS FOLLOWS: LOWEST WEIGHT RATE INCREASED FROM 2.50 TO 4.00 DRACHMAS FOR LETTERS TO DOMESTIC DESTINATIONS; 4.50 TO 7.00 DRACHMAS FOR LETTERS TO INTERNATIONAL DESTINATIONS. RATES FOR ADDITIONAL WEIGHTS HAVE BEEN INCREASED ACCORDINGLY. RATES FOR CALLING CARDS AND POSTCARDS TO DOMESTIC DESTINATIONS INCREASED FROM 1.50 TO 2.50 DRACHMAS; FOR INTERNATIONAL DESTINATIONS FROM 2.50 TO 3.50 DRACHMAS. SPECIAL CHARGE FOR REGISTERED LETTERS INCREASED FROM 4 TO 6 DRACHMAS FOR DOMESTIC DESTINATIONS AND FROM 5 TO 7 DRACHMAS FOR INTERNATIONAL DESTINATIONS.

7. AT EARLIER PRESS CONFERENCE DECEMBER 28, HELLENIC TELECOMMUNICATIONS ORGANIZATION (OTE) GOVERNOR MICHAEL PETROPOULEAS AND DEPUTY GOVERNOR CHRYSOSTOMOS KAVOUNIDIS JUSTIFIED PENDING INCREASES AS INDISPENSABLE IN LIGHT OF OTE'S DEFICITS BEQUEATHED FROM PREVIOUS EXTRAVAGANT MANAGEMENT.

8. AT THAT TIME OTE SPOKESMEN STATED THAT REVENUES, DEPRESSED BY IMPOSITION IN 1971 OF TURNOVER TAX, DO NOT SUFFICE FOR OPERATION, MAINTENANCE AND EXPANSION. EXTENSIVE BORROWING HAS PROVEN UNECOMOMICAL MEANS FOR MEETING REQUIREMENTS. OTE'S ASSETS AT 1974 YEAR-END WERE \$933.3 MILLION AND LOANS \$533.3 MILLION AT 11.5 PERCENT INTEREST. OTE PAID IN 1974 \$66.7 MILLION FOR PRINCIPAL AND INTEREST INSTALLMENT REPAYMENTS ON LONG-TERM AND MEDIUM-TERM LOANS. LIMITING EXPENDITURS THROUGH DRASTIC CURTAILMENT OF PROJECTS PROGRAM IS IMPOSSIBLE IN VIEW OF SOCIAL IMPACT. ONLY MEANS OF INCREASING REVENUES IS THROUGH INCREASES IN RATES WHICH HAVE REMAINED STABLE DURNG LAST 15 YEARS, DESPITE 100 PERCENT COST-OF-LIVING INCREASE, 283 PERCENT MINIMUM WAGE INCREASES, 150 PERCENT TELECOMMUNICATIONS EQUIPMET PRICE INCEASES, ETC.

9. ANSWERING QUESTIONS, OTE OFFICIALS STATED THAT PREVIOUS MANAGEMENT ENGAGED IN IRRATIONAL EXPANSION AND HAD NEGLECTED MAINTENANCE, WHICH RESULTED IN DECLINE IN QUALITY OF

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SERVICE. IRRATIONAL EXPANSION INCLUDED PREMATURE INSTALLATION AND OPERATION OF TWO SATELLITE EARTH STATIONS AT THERMOPYLAE, THE FIRST OF WHICH SHOULD HAD BEEN INSTALLED IN 1970 AND THE SECOND IN 1980. (COMMENT: STATIONS WERE INSTALLED BY ITT IN 1970 AND 1972 RESPECTIVELY.) OTE OFFICIALS FURTHER STATED THAT FIRST EARTH STATION OPERATED AT A LOSS IN FIRST TWO YEARS; SECOND STATION STILL LOSING MONEY.

PREVIOUS MANAGEMENT ALSO PLACED EXCESSIVE ORDERS OF
TELEPHONES OF WHICH OTE HAS ACCUMULATED STOCKS OF 450,000 SETS
ORDERED IN 1972-1973 FROM LOCAL SUBSIDIARIES OF ITT AND SIEMENS,
PAYING \$667,000 INTEREST. (MAXIMUM NUMBER THAT CAN BE
INSTALLED IN GREECE ANNUALLY IS 150,000). CURRENT MANAGEMENT
RECENTLY CANCELLED ORDERS FOR ADDITIONAL 1,000,000 SETS.
STEARNS

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